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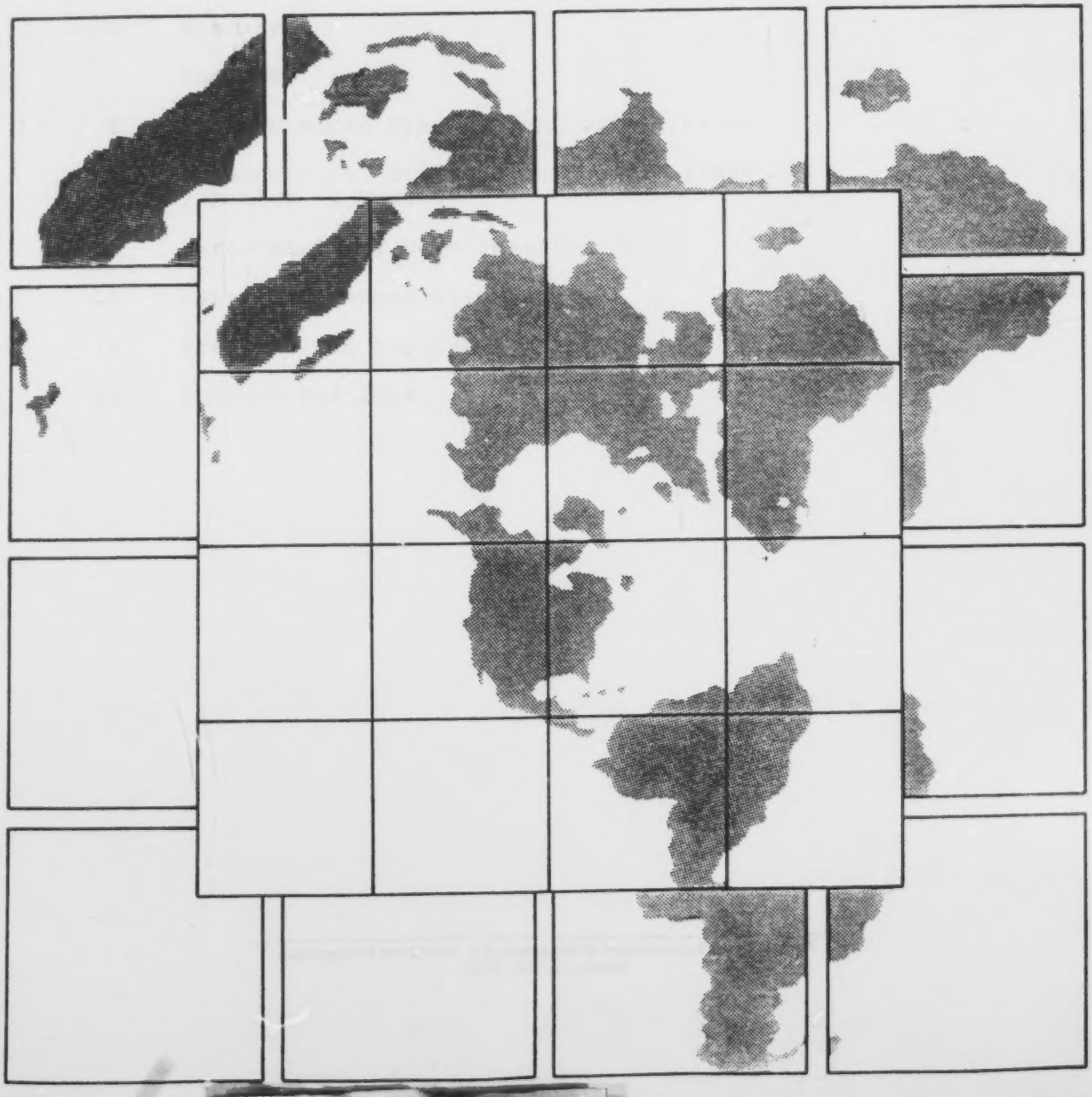

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MEXICAN LABOR TRENDS REPORT

MEXICO

1987-88

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KEY LABOR INDICATORS

		1986	1987	Percent Change 1986-87
1.	Total Population (millions)	80.5	82.0	1.9
2.	Population Growth Rate	2.0	1.9	.1
3.	Birth Rate per 1000 Population	2.7	2.7	0
4.	Out-Migration to U.S. (Immigrant Visas)	53,179	52,936	1.0
5.	Life Expectancy at Birth (yrs)	65.73	65.73	0
6.	Adult Literacy Rate (percent)	83.0	83.0	0
7.	Total Labor Force (millions)	24.7	25.4	3.0
8.	Total Employment (millions)	20.4	20.9	2.0
9.	Unemployment Rate (percent)	17.8	18.0	1.0
10.	Underemployment Rate (% est.)	25-40	25-40	0
11.	Minimum Wage Rates per Day (US$ at average exch. rate)	3.02	2.91	3.0
12.	Average Hours Worked per Week	43.00	42.7	0.9
13.	Unionization of Work Force (%)	33.00	33.00	0
14.	Rate of Change in Consumer Prices (percent)	105.7	159.2	51
15.	Exports to U.S. (millions $)	17.6	20.5	14
16.	Imports from U.S. (millions $)	12.4	14.6	15

SUMMARY

Mexico's labor trends and labor scene during the last half of 1987 and for all of 1988 continued relatively unchanged. The CTM (Confederation of Mexican Workers) and its 88-year-old Secretary General, Fidel Velazquez, continued to overwhelmingly dominate the labor scene in Mexico. During this period, it became more apparent than ever that 75-year-old Second CTM Substitute Secretary General Emilio M. Gonzalez is the likely heir apparent to Fidel Velazquez, should the latter die or become incapacitated, and that Third CTM Substitute Secretary General Alfonso Calderon is second in line to succeed Velazquez should anything happen to both Velazquez and Gonzalez.

Fidel Velazquez and the CTM were not happy with the choice of Carlos Salinas de Gortari as the PRI (Institutional Revolutionary Party) candidate for president, but he and the CTM (with the notable exception of the CTM's petroleum workers union) promptly fell into line in support of Salinas. In the July 6, 1988, national elections, the CTM suffered the heaviest losses of all PRI elements to the opposition parties in their electoral races for legislative seats, with the loss of one race for a CTM Senator and of 13 races for CTM Deputies (amounting to a 20 percent loss for the CTM in their seats in the national Chamber of Deputies). The CTM petroleum workers union, led by Joaquin Hernandez Galicia (alias "La Quina"), even voted massively for opposition candidate Cuauhtemoc Cardenas, despite the fact the union had promised to support Salinas. "La Quina" was also engaged during this period in a conflict with the Government over the management of Pemex by former Pemex Director Mario Ramon Beteta.

The CTM and the American AFL-CIO launched a joint initiative in early 1988 with the establishment of a joint CTM/AFL-CIO commission to deal with the labor effects of the Mexican maquiladora, or "in bond," industry along Mexico's northern border. This initiative stemmed primarily from concern by the AFL-CIO over the loss of jobs in the American manufacturing industry to the Mexican maquiladora industry, as well as over the relative absence of unionization among the maquiladora work force.

The Congress of Labor, the overall coordinating body comprised of 33 PRI-affiliated trade union confederations and independent unions, had three different rotating presidents during the period covered by this report, i.e., 1) telephone worker union leader Francisco Hernandez Juarez, 2) the CTM's Fidel Velazquez himself, and 3) electrical worker union leader Jorge Sanchez. Other PRI "establishment" trade union

confederations, such as the CROC (Revolutionary Workers and Peasants Confederation), the CROM (Mexican Regional Workers Confederation), and the FSTSE (Federation of Government Employees) continued under their same leaderships. Independent leftist unions and groupings, particularly the Trotskyite M.P.I. (Independent Proletarian Movement), which changed its name from its previous name of U.O.I. (United Independent Workers), and the Communist-manipulated Mesa de Concertacion Sindical (roughly translated the "Table of Trade Union Harmony"), also continued active. These groupings, however, though they made much noise and received some press attention, continued to have only a minuscule following and had virtually no impact upon the Mexican labor scene.

The ORIT (Inter-American Regional Organization of Workers) of the ICFTU (International Confederation of Free Trade Unions) in Brussels, continued at its Mexico City headquarters under the leadership of its Panamanian Secretary General Luis Anderson. The CPUSTAL (Permanent Congress for Trade Union Unity of Latin American Workers), the Inter-American organization of the Communist WFTU (World Federation of Trade Unions) in Prague, also continued to maintain its headquarters in Mexico City, while at the same time keeping an extremely low profile.

Arsenio Farell Cubillas continued as Mexico's Labor Secretary (i.e., Minister). Farell, who has acquired a reputation as being a Labor Minister who is tough on labor and able to hold the line for the Government in the labor sector, was, somewhat surprisingly, named for another 6-year term as Labor Secretary by new President Carlos Salinas de Gortari on December 1, 1988, thus ensuring complete continuity of policies at the Labor Ministry. Labor-management relations witnessed relatively few strikes in Mexico during this period. Some exceptions to this general trend included strikes at the Volkswagen plant in Puebla and at Ford plants in the Mexico City area, as well as a lengthy 3-month strike at Pan American Airways.

The year 1987 was the worst yet for Mexico's workers, with inflation at a rate of 159.2 percent for that year, and with 5 minimum wage increases. Things had gotten so bad that in December 1987 the Government acted forcefully and "negotiated" (actually imposed) an Economic Solidarity Pact (ESP) on labor and employer representatives, under which government, labor, and employer sectors agreed to a freeze on wages (except for an initial wage increase), prices, and exchange rates. The ESP proved to be relatively successful during 1988, in particular in significantly lowering the inflation rate which, for the year 1988, is estimated at about

52 percent. At the end of 1988 with the advent to power at the beginning of December of new President Salinas and his administration, Salinas negotiated a tripartite successor agreement to the ESP known as the Pact for Economic Stabilization and Growth, which largely involved a continuation of most features of the ESP with, however, a very gradual sliding exchange rate devaluation throughout 1989. Unemployment continued to be a serious problem in Mexico with most independent think tanks in Mexico estimating unemployment at some 18 percent of the labor force. The only bright spot in the Mexican economic and labor scenes remained the continued expansion of the booming maquiladora, or "in-bond" industry, on or near Mexico's northern border. By the end of 1988 there were more than 1,400 maquiladora plants in Mexico employing over 370,000 Mexican workers.

The outlook for 1989 in the labor area is for a continuation of present trends. Much will depend, however, on how the Salinas administration handles the difficult economic situation and how it continues to get along with the CTM's Fidel Velazquez and the labor movement in general.

THE CTM

During the latter half of 1987 and all of 1988, the CTM (or Confederaçion de Trabajadores de Mexico) continued as the overwhelmingly dominant trade union confederation in Mexico, with a claimed total membership of five million members. It also continued under the active leadership of Fidel Velazquez, its long time Secretary General during most of the CTM's 52 years of existence (Velazquez turned 88 years old in April of 1988). Velazquez, who continues in good health, is still very much at the helm of the CTM and continues to make all the labor confederation's major decisions. He is still also generally regarded as the second most important politician in Mexico, after the president of the Republic, as well as a principal pillar of the ruling PRI political party.

During this period, it became more apparent than ever that 75-year-old Emilio M. Gonzalez Parra, who until September of 1987 was the Governor of Nayarit, is the likely heir apparent to Fidel Velazquez, at such time as the latter passes away or becomes incapacitated. Gonzalez, who is one of three CTM Substitute Secretaries General, returned to the CTM after his 6-year stint as Governor of his native Nayarit and was given the principal responsibility for the CTM's political role in the PRI party. In the July 1988 national elections, at a time when most other CTM candidates were having a difficult time and many were losing their electoral contests, Emilio Gonzalez won handily in his electoral campaign for Senator from Nayarit. Shortly after the election, Gonzalez was given a signal honor by the PRI when he was chosen to be the Coordinator (or President) of the entire PRI delegation in the new Senate, the highest honor accorded to a CTM figure in the new legislature and a designation which appears to have further enhanced his prospects to eventually succeed Fidel Velazquez as CTM Secretary General. Second in line after Gonzalez to succeed Fidel Velazquez appears to be another CTM Substitute Secretary General, i.e., 72-year-old Alfonso Calderon Velarde, a onetime governor of the state of Sinaloa.

Fidel Velazquez and the CTM were not very happy when, at the beginning of October 1987, then-President de la Madrid unveiled then-Budget Secretary Carlos Salinas de Gortari as the new PRI presidential candidate. Salinas had not been among the PRI pre-candidates favored by Velazquez and the CTM, and in fact was at the bottom of their list of preferences. This was because Salinas had clashed on several occasions during his term as Budget Secretary with Velazquez and the labor movement over wage increases, and had in the process acquired something of a reputation of being "anti-labor". Nonetheless, within a week of Salinas' designation as the PRI presidential candidate,

Velazquez and the CTM had swung into line and offered him the full support of the CTM and its extensive cadres, and of its even larger number of voters. Thus the CTM, as is normally expected of it, became one of the principal supports of the Salinas campaign, furnishing campaign workers and huge numbers of CTM participants for Salinas rallies and other events associated with the election campaign.

There was one major CTM union, however, which did not rally so readily to Salinas' support. This was the 120,000 member CTM petroleum workers union, led from behind-the-scenes by the allegedly corrupt Joaquin Hernandez Galicia (alias "La Quina"). "La Quina" had maintained a running feud throughout the de la Madrid administration with the president himself, with Salinas in his capacity as budget secretary, and with Pemex Director Mario Ramon Beteta. The root cause of this feud stemmed from the de la Madrid administration's actions, at the beginning of President de la Madrid's term, to cut down on the extensive financial perquisites "La Quina" and his union were obtaining from Pemex. For this "La Quina" reportedly never forgave them, particularly Carlos Salinas de Gortari who, in his capacity as budget secretary, was the person responsible for implementing President de la Madrid's decision at that time. Because of this, "La Quina" vacillated for several weeks before formally endorsing Salinas as the PRI candidate, and in the end offered him only a lukewarm and somewhat pro forma endorsement. Subsequently, in the actual elections on July 6, 1988, it appears that large numbers of "La Quina's" petroleum worker union members voted against the PRI's Salinas and for the candidate of the leftist National Democratic Front (FDN), Cuauhtemoc Cardenas. They appear to have done so largely because "La Quina" reportedly passed the word that it was all right to vote against the PRI and for Cardenas in this instance as well because they were attracted by the magic of the Cardenas name (inasmuch as it was Cardenas' father, the late Mexican President Lazaro Cardenas, who had nationalized in 1938 the Mexican petroleum industry). This thus appeared to the PRI to be a clear act of treason by the petroleum workers union, which, like all other CTM unions, is formally affiliated to the PRI. "La Quina's" long feud with Director of Pemex Mario Ramon Beteta, also led, in early 1987, to Beteta being in effect "kicked upstairs" and removed from Pemex, by being chosen as the PRI candidate for Governor of the state of Mexico, to which post Beteta was duly elected. Interestingly, over a year and a half later in October of 1988 in the national Chamber of Deputies, the deputies of the CTM petroleum workers union resumed their attack upon Beteta, reviving some old allegations that Beteta had engaged in massive fraud in the lease/purchase by Pemex of two tankers.

Perhaps the biggest event affecting the CTM during this period was the July 6, 1988, national and presidential election. These elections, however, impacted on the CTM in an adverse manner. This was because of the substantial electoral losses suffered by CTM candidates for national and other positions in those elections. Specifically, one of the CTM candidates for the national Senate lost his electoral race (this was Joaquin Gamboa Pascoe, the Secretary-General of the important Mexico City Federal District CTM workers federation, who lost badly to a candidate from the leftist FDN Cardenas front), as did some 13 CTM candidates for Deputies in the national Chamber of Deputies, including five CTM candidates for Deputy in the Federal District and CTM candidates for Federal Deputies from states as scattered and diverse as Guanajuato, Morelos, Mexico, Guerrero, Chihuahua, and Michoacan. These losses reduced the number of CTM deputies some 20 percent, compared to those in the previous Chamber of Deputies) and was a substantial blow to the CTM. Among the losing CTM candidates were some well-known CTM personages, including four members of the CTM National Executive Committee.

The CTM also remained active in the international trade union arena, particularly with respect to its membership in the ICFTU, and in the latter's inter-American organization, the ORIT, as well as with respect to its relationship with the American AFL-CIO. Fidel Velazquez himself attended the quadrennial ICFTU congress held in March 1988 in Melbourne, Australia. The year 1988 also witnessed a new initiative with regard to the long-standing relationship of the CTM and the AFL-CIO (which dates all the way back to 1924, even before the founding of the CTM, when the young Fidel Velazquez escorted, on behalf of the then-Mexican labor movement, the aged Samuel Gompers, founder of the old AF of L, on Gompers' visit to Mexico that year). This new initiative involved the formation of a high level joint AFL-CIO/CTM Commission, headed respectively by AFL-CIO President Lane Kirkland and CTM secretary General Fidel Velazquez, to study the labor-related problems of the Mexican maquiladora or "in bond" industry along Mexico's northern border. This joint commission particularly has as its ultimate objective the unionization of the largely unorganized Mexican workers in the maquiladora industry. Two high level meetings of Velazquez and Kirkland, accompanied by other top Mexican and U.S. trade union leaders, took place in April 1988, in Matamoros, Mexico, and in Brownsville, Texas, and in November 1988 in Tijuana, Mexico, and in San Diego, California. This initiative is expected to continue with such high level meetings at least once or twice a year, and with meetings of joint AFL-CIO/CTM industry subcommittees (i.e., for the textile, automobile, electronics, and land transport industries in the maquiladora sector) taking place at other times throughout the year on a continuing basis.

OTHER MEXICAN TRADE UNION ORGANIZATIONS

The Congress of Labor

The Congress of Labor (or Congreso de Trabajo) is an overall loose coordinating body grouping 33 PRI-affiliated labor confederations and independent unions under its umbrella. The Congress of Labor, which was established in the mid-1960's, groups some eight million members under its aegis, out of a total organized labor force in Mexico of some 9 1/2 million workers. Thus the Congress of Labor represents over 85 percent of Mexico's union members, and also includes all of the major trade union confederations in the country, including the CTM, the FSTSE, the CROC, the CROM, and various lesser confederations, in addition to a number of independent but PRI-affiliated, individual unions, within its ranks. The presidency of the Congress of Labor is rotated among the Congress' 33 members for 8-9 month periods.

In actual fact, it is the five million member CTM, and the latter's octogenarian Secretary General Fidel Velazquez, who totally dominate the Congress of Labor, set the tone, and call all the shots. The rotating presidents of the Congress of Labor are thus expected to consult with Fidel Velazquez on practically a daily basis, and to take their orders from him on all policy issues of importance.

Through the first 7 months of 1987, the president of the Congress of Labor was Francisco Hernandez Juarez, the secretary general of the independent and somewhat left-wing Mexican telephone workers' union. In August of 1987, a new Congress of Labor president was elected. At that time the person elected the new president of the Congress of Labor was none other than the CTM's Fidel Velazquez, who had expressed a specific interest in being elected Congress of Labor president at that time. The reason Fidel Velazquez reportedly wanted to be elected Congress of Labor president--the fourth time he has served in that capacity since the founding of the Congress of Labor--was so as to be in that position during the national election campaign and particularly during the period when the PRI presidential candidate was unveiled. Velazquez served as Congress of Labor president this time until June 1988, when another rotating president of the Congress was elected. At that time Jorge Sanchez, the secretary general of the independent Mexico City Electricians Union (SME), another somewhat leftist union, was elected president of the Congress of Labor, a position which Sanchez continues to occupy until this day. True to form, both the leftist Hernandez Juarez and Jorge Sanchez moderated their previous leftist positions on many issues when they were elected presidents of the Congress

of Labor, and faithfully followed Fidel Velazquez' moderate, and even somewhat conservative, instructions while in that office, a classic case of being co-opted by Velazquez and the moderate Mexican political and trade union establishments.

The FSTSE

The second biggest trade union confederation in Mexico, with 1.8 million members, is the FSTSE (Federacion de Sindicatos de Trabajadores al Servicio del Estado). The FSTSE's membership consists exclusively of civil servants and government workers. At its head during this period continued Hugo Domenzain Guzman, who was also elected, by a close margin, a Senator from the Mexican State of Morelos in the July 6, 1988, national elections.

The principal union within the FSTSE continued to be the SNTE (National Teachers Union), with 800,000 members. Professor Antonio Jaimes Aguilar continued as the secretary general of the SNTE, but the real behind-the-scenes power in the SNTE continued to be PRI politician and former SNTE Secretary General Carlos Jonguitud Barrios, who also was elected a federal Senator from the state of San Luis Potosi in the July 6, 1988, national elections. The SNTE continued to suffer from a strong leftist dissident movement within its ranks, which calls itself the CNTE that continued to challenge the SNTE leadership, particularly in the states of Oaxaca and Chiapas.

The CROC

The CROC, or Revolutionary Workers and Peasants Confederation (Confederacion Revolucionaria de Obreros y Campesinos) continued its rivalry with the much larger CTM. The CROC continued to have only some 600,000 members. The CROC continued under the leadership of its longtime secretary general, Alberto Juarez Blancas, who was also elected a Senator in the Federal Senate from his native state of Tlaxcala in the July 6, 1988, national elections.

The CROM

The CROM (Confederacion Regional Obrera Mexicana), or Mexican Regional Workers Confederation, may have gained some membership slightly at both the expense of the rival CROC and the CTM. Its membership may now be around approximately 250,000. It continued under the leadership of its dynamic secretary general, Ignacio Cuautemoc Paleta. Cuautemoc Paleta was also elected a PRI Deputy from Mexico City in the national Chamber of Deputies in the July 6, 1988, national elections.

The CTC

The CTC, or Confederation of Workers and Peasants (Confederacion de Obreros y Campesinos) is a trade union confederation numbering between 100,000 and 200,000 members, almost all of whom, however, are located in the State of Mexico. It is dominated by two brothers, Abel and Leonel Dominguez, the latter of whom is the secretary general of the CTC. The CTC has had a fair degree of success in organizing workers in the state of Mexico, most of whom it has taken away from the CTM there. Although the CTC is also PRI-affiliated and a member of the Congress of Labor, it is strongly disliked by more traditional mainstream union confederations such as the CTM and the CROM, because of the inroads it has made against these union confederations and because of the CTC's frequent recourse to strong-arm tactics and intimidation.

CGT, COR, CRT and other Confederations in the Congress of Labor

There are several other smaller trade union confederations in the Congress of Labor which have anywhere from 30-50,000 members. These include the CGT, or General Confederation of Workers (Confederacion General de Trabajadores), which stems from the Mexican Revolution and is the oldest existing trade union confederation in Mexico; the COR, or Revolutionary Workers Confederation (Confederacion Obrera Revolucionaria); and the CRT, or Revolutionary Confederation of Workers (Confederacion Revolucionaria de Trabajadores).

Independent Unions Inside the Congress of Labor

In addition to the various trade union confederations described above which are inside the Congress of Labor, the Congress of Labor also includes more than 20 independent, but PRI-affiliated, individual unions within its ranks. These include such large and important unions as the 150,000 member Railroad Workers Union of the Mexican Republic, and the 100,000 member National Union of Mining and Metallurgical Workers, as well as numerous medium and small-sized independent unions.

Although the large majority of these independent unions inside the Congress of Labor are conservative in ideology and organization, there are a few of these independent Congress of Labor unions which are leftist in ideology. Chief among these are the 35,000 member Mexico City Electricians Union (or SME) and the 20,000 member Union of Telephone Workers of the Mexican Republic. Even these two generally leftist unions have been moving somewhat to the right during the last year or two with the selection of their respective secretaries general, i.e., Jorge Sanchez of the Electricians, and Francisco Hernandez

Juarez of the Telephone Workers Union, as presidents of the Congress of Labor. The most leftist, and even Marxist, independent union in the Congress of Labor is the 30,000 member Sole Union of Workers in the Nuclear Industry (or SUTIN). This union is headed by a secretary general, Arturo Whaley Martinez, who is a leading member of the old Mexican Communist Party within the recently formed Mexican Socialist Party (PMS), and it continues to be controlled by its dominant Communist element.

Totally Independent Unions Outside of the Congress of Labor

There are also numerous independent unions which exist outside the Congress of Labor. These tend to be small plant-level, or company-level, unions. There are, however, several thousand such independent unions, and in the aggregate, they have over a million members. These unions are usually of three different types, i.e., 1) genuine "bread and butter" unions which eschew politics and whose sole interest is to improve their members' wages and working conditions; 2) classic "company unions" set up and manipulated by company managements (frequently called "sindicatos blancos" or "white unions"); and 3) Marxist and/or leftist-oriented unions which have refused to join any of the PRI-affiliated trade union organizations inside the Congress of Labor because they consider those unions "reactionary".

Among the conservative independent unions, there does exist one independent trade union confederation known as the FNSI, or National Federation of Independent Unions (Federacion Nacional de Sindicatos Independientes). The FNSI claims some 200,000 dues-paying members, more than three quarters of whom are in the Monterrey and surrounding areas. The FNSI eschews politics and concentrates on improving the lot of its members and on providing them a variety of social services and benefits. Its national headquarters are also located in Monterrey.

The M.P.I. (formerly U.O.I.)

The M.P.I., or Independent Proletarian Movement (Movimiento Proletario Independiente), is an organization which changed its name during 1987 from U.O.I., or United Independent Workers (Unidad de Obreros Independientes), the name by which it had been known since its founding in 1972. It is not a trade union confederation but a loose umbrella coordinating mechanism embracing a group of extreme leftist independent unions. It is the most extreme labor organization on the Mexican labor scene, and is Trotskyite in orientation. Its longtime leader is Juan Ortega Arenas, a brilliant but erratic

lawyer. It is anti-PRI, anti-establishment, and anti-United States, but also strongly condemns Mexico's traditional Communists as well. It is made up of a number of small and insignificant Trotskyite unions, but it also does have one large and important union within its ranks. The latter is the 20,000-member union called SUTUAR-100, or Union of Workers of the Route 100 Bus Route, which is made up of drivers and workers on Mexico City's extensive bus routes.

The Mesa de Concertacion Sindical

The Mesa de Concertacion Sindical (or roughly translated, the "Table of Trade Union Harmony") is also not a trade union confederation. Neither, despite its name, is it an organization limited exclusively to trade unions although some trade unions are among its component elements. Rather it is an amorphous broad umbrella coordinating mechanism which groups leftist trade unions, political parties (primarily the PMS and the latter's Communist elements), student and university groupings, neighborhood groups, groups of "victims" of the September 1985 Mexico City earthquake, and other loose organizations, under its aegis. It was founded some 4 years ago, principally by elements of the old Mexican Communist Party, and to this day the Communist elements within the "mesa" control the organization. It has a loose collegial structure and there is no one leader who stands out, but the domination of the Communists is always evident. In many respects, the "mesa" resembles a classic communist-dominated "popular front" organization. Inasmuch as the members and components of the "mesa" overwhelmingly voted for Cuauhtemoc Cardenas in the July 6, 1988, national elections, there has been some speculation that the "Mesa de Concertacion Sindical" might lend itself to form the nucleus of a Cardenista labor movement. However, all indications are that Cuauhtemoc Cardenas will not want to identify himself with the "mesa" because the latter would identify him with Communists in the labor movement, something which would hurt the moderate and broad-based image Cardenas is trying to cultivate. It appears more likely that Cuauhtemoc Cardenas will sooner or later seek instead to try to infiltrate the official labor movement in the Congress of Labor.

INTERNATIONAL TRADE UNION ORGANIZATIONS ACTIVE IN MEXICO

The ORIT

The main international trade union organization active in Mexico is the ORIT (or Organizacion Regional Interamericana de Trabajadores), which is the Inter-American organization of the anti-Communist ICFTU (International Confederation of

Free Trade Unions) headquartered in Brussels. The ORIT headquarters, in fact, have always been in Mexico City in office space provided by the CTM in the CTM's headquarters building. The CTM, led by its strongly anti-Communist Secretary General Fidel Velazquez, was one of the founding members of ORIT some 40 years ago, and the CTM still remains one of the strongest Latin American members of ORIT. ORIT continued during this period under the leadership of Luis Anderson, a Panamanian trade unionist who reportedly is considerably better than his Venezuelan predecessor.

The CPUSTAL

The CPUSTAL (or Confederacion Panamericana Unico de Sindicatos de Trabajadores de America Latina) is the Latin American regional organization of the Communist WFTU (World Federation of Trade Unions) in Prague. The CPUSTAL also maintains its headquarters in Mexico City. Unlike the ORIT, the CPUSTAL maintains an extremely low profile in Mexico City. It reportedly only has 3-4 employees at its Mexico City headquarters, led by CPUSTAL Secretary General Roberto Priego, a Cuban. The CPUSTAL reportedly has only one minuscule Mexican affiliate, an agricultural workers union, and does not seek to recruit any of the mainstream Mexican unions to its cause. Allegedly, when the CPUSTAL sought Mexican government permission to move its headquarters from Havana to Mexico City some 15 years ago, one of the conditions which the Mexican government reportedly placed was that the CPUSTAL should not seek to proselytize among Mexican unions, a condition to which the CPUSTAL has reportedly faithfully adhered. Thus the CPUSTAL uses its Mexico City headquarters primarily as a base for its activities in other parts of Latin America.

The CLAT

The CLAT (or Confederacion Latina Americana de Trabajadores), which is the Latin American regional organization of the once-Christian WCL (or World Confederation of Labor) in Brussels, has no office and little activity in Mexico. The Caracas-headquartered CLAT, however, does have one small Mexican affiliate known as the FAT (or Frente Autentico de Trabajadores). The FAT claims a membership of some 30,000, although that figure appears to be exaggerated. It is at the far left end of the Mexican political and trade union spectrum and frequently issues pronouncements against the Mexican Government, against the PRI, and against U.S. policies in Latin America.

LABOR MINISTRY DEVELOPMENTS

Labor Secretary Arsenio Farell Cubillas continued at the helm of Mexico's Labor Ministry, which is formally known as the Secretariat of Labor and Social Welfare. He also continued to maintain his reputation as a tough no-nonsense Labor Secretary, which has earned him the dislike, but at the same time the grudging respect, of the CTM and of the Mexican labor movement. His hard-nosed attitude towards strikes, labor disputes, and agitation, and his ability, during the 6 years of the de la Madrid administration to keep the lid on the labor situation, was probably largely responsible for the somewhat surprising redesignation of Farell as the new Labor Secretary by new President Carlos Salinas when the incoming president designated his new cabinet upon coming to office on December 1, 1988.

Although the focus of the Labor Secretariat under Labor Secretary Farell continued overwhelmingly to be the domestic labor scene, it did engage in a few international activities. Chief among these was its participation in the annual June ILO (International Labor Organization) Conference in Geneva, where the principal Mexican Government delegate was a subsecretary from the Labor Ministry. The Labor Ministry was involved in one small activity with the U.S. Department of Labor, when in May 1988, it brought down three experts from the Bureau of Labor Statistics (BLS) of the U.S. Department of Labor to conduct a 1-week seminar on productivity indices at the Mexican Labor Ministry.

LABOR-MANAGEMENT RELATIONS

In keeping with the trend of the last few years, the latter half of 1987 and the year 1988 witnessed relatively few strikes.

Two of the most significant strikes during 1987 were two lengthy strikes, each one lasting some 2 months during the July-September period, which took place at the Volkswagen automobile plant in Puebla and at three Ford Motor company plants and installations in the Mexico City and Toluca areas. The Volkswagen strike was over wage increase demands relating to the company's annual collective bargaining contract revision, whereas the Ford strike was related to a reduction in the work force at the plant, which had earlier been agreed to by the then-local CTM plant labor leader (without consulting his membership), for which action the Ford CTM labor leader was strongly criticized by the Ford workers (and eventually removed from his position by the national CTM leadership). Both

strikes resulted in closures of the plants for the duration of the strikes, and there was even some speculation that the temporary plant closures were in fact convenient for both companies due to the depressed state of the Mexican automobile industry. In the end, both strikes were settled without the workers at the two companies having obtained their objectives.

Another lengthy strike, of a different nature, occurred with Pan American Airways at the end of 1987. This strike lasted for 3 months (from October 1987 through January of 1988) and closed down all Pan Am's operations and flights to and from Mexico. This strike was due to a dispute with the small ground workers union at Pan Am, an extremely radical leftist union within the Mexican context, which had requested an astronomically high wage increase of over 200 percent, and which then refused to budge on this demand. In the end, this radical Trotskyite union was ousted by a majority of Pan Am's Mexican ground workers in an election convoked especially to determine who would represent Pan Am workers by the Federal Conciliation and Arbitration tribunal (i.e., Mexico's labor court). Afterwards, a new more moderate and democratic union was installed, the workers went back to work, and Pan Am resumed operations.

Perhaps the most newsworthy events pertaining to labor-management relations during 1987 occurred in November and December, when the CTM's Fidel Velazquez and the Congress of Labor, fed up with the increasing 150 percent inflation and the fact that the by-then quarterly minimum wage increases were not keeping up with inflation, convoked an unprecedented general strike. The strike was, however, then subsequently twice postponed in the hope that the Government would negotiate a solution. Two days before the general strike was due to take place in December, the Government came up with and imposed on both labor and management the Economic Solidarity Pact, in which the labor movement only grudgingly acquiesced. The Economic Solidarity Pact was a tripartite body (i.e. government, labor, and employer representatives) designed to drastically reduce inflation and to introduce a large measure of stability into the Mexican economic scene by virtue of a flexible freeze on wages (except for an initial wage increase), prices, and exchange rates. It can be said that, in a sense, it was the unprecedented threat of a general strike by the labor movement (which had not occurred in Mexico for over 50 years) which prompted the Government to institute the Economic Solidarity Pact.

The year 1988 has witnessed even fewer strikes than in 1987, due perhaps in part to the success of the Economic Solidarity Pact in drastically lowering inflation and in

holding the line somewhat on wages and prices. There have only been two strikes of consequence during 1988. The first was a strike in the spring by the workers of the Aeromexico parastatal airline company over wage demands. The tough response of the Government to that strike was to declare Aeromexico in bankruptcy and to dismiss its entire work force due to the bankruptcy. After many months following the bankruptcy declaration, the Government was successful in selling off Aeromexico to the private sector, which had, in any event, been the Government's intention even prior to the strike of the Aeromexico workers (which then, however, provided the Government with a convenient excuse for its actions), and about a third of Aeromexico's work force was hired by the new company. The other strike was a recurrence, in the summer of 1988, of a strike by the militant and leftist independent union at the Volkswagen plant in Puebla, which strike was eventually settled in a mutually satisfactory negotiated settlement.

ECONOMIC AND EMPLOYMENT FACTORS

The worst year yet for Mexico's workers was 1987, with the officially-announced inflation rate for the year running at a whopping 159.2 percent. The year also witnessed, for the first time, five minimum wage increases, which brought the increases for the year in the national minimum wage (which tends to serve as the benchmark for wage increases in general and has a booster effect upon all wages) up to some 156 percent, only four percentage points behind the officially-announced inflation rate.

Things had gotten so bad by December 1987 that Fidel Velazquez and the CTM issued a convocation for a general strike, and the Government decided to act in a somewhat radical fashion to bring inflation down and the economy under control. Thus, on December 15, 1987, the Government got together with the nation's top labor leaders, including Fidel Velazquez and the representatives of the major employer organizations, banged their heads together, and more or less imposed on labor, management, and the Government something extraordinary called the Economic Solidarity Pact (ESP). Under this pact, an immediate extraordinary across-the-board wage increase of 15 percent was granted, which was followed by a flexible freeze on wages, prices, and exchange rates. The ESP also involved the creation of a tripartite permanent monitoring mechanism to recommend adjustments to the Government in wage or price increases as necessary. Although much of the concept of the ESP was based on voluntary compliance, it in fact did work fairly well during all of 1988, particularly in lowering inflation, which by the year's end had been lowered to about 52 percent for the year. It worked perhaps even better with the

exchange rate, which was maintained at a nearly level rate of some 2,300 pesos to the dollar for virtually the entire year (compared to the periodic substantial devaluations which had been occurring regularly ever since the start of Mexico's financial crisis in 1982). During 1988, only two increases in the national minimum wage were granted, i.e., a 20 percent increase on January 1 plus a minimal 3 percent increase in March. Prices were somewhat harder to control and did experience some increases, but even here the Government, with the cooperation of the major employer associations and with substantial moral pressure upon merchants, did manage to keep the price increases substantially below those of previous years.

In December of 1988, newly installed President Salinas brought Mexico's top labor leaders and employer representatives together and negotiated a new agreement for a new tripartite economic arrangement known as the Pact for Economic Stabilization and Growth (known by its Spanish acronym of PECE), which appears to be something of a continuation of the ESP under a new name. The PECE differs from the ESP in that it provides for an automatic one peso daily slide in the exchange rate (which is expected to result in a gradual devaluation of about 9 percent during the first 7 months of the year). Otherwise, with respect to both wages and prices, it is very similar to the ESP. In addition, the PECE did provide for a small wage increase of 8 percent in the national minimum wage as of January 1, 1989, and it appears that it is the intention of the Government now to hold the line for a few months before any further wage increases are granted.

Unemployment continued to be a serious problem, with over four million Mexicans unemployed. Although unemployment figures in Mexico are notoriously unreliable and hard to come by, some of the more prestigious independent think tanks in Mexico put it at 18 percent of the labor force, a figure which we believe is probably pretty close to the mark. Underemployment was undoubtedly even higher, with anywhere from an estimated 25-40 percent of the Mexican labor force underemployed.

The only bright spot on the otherwise bleak Mexican economic scene is with the maquiladora, or "in-bond" assembly industry, on or near the Mexico-U.S. border. The maquiladora industry continued to boom and expand, and numerous new maquiladora plants were established in Mexico, primarily by U.S. firms during the period covered by this report. Thus, by the end of 1988, there were more than 1,400 maquiladora plants in Mexico employing some 370,000 Mexican workers. This continuing boom in the maquiladora situation continues the anomaly of the existence of several full employment Mexican

cities along the U.S. border, such as Ciudad Juarez (with over 110,000 maquiladora workers), Tijuana (with over 50,000 maquiladora workers), and Matamoros (with over 30,000 maquiladora workers).

OUTLOOK FOR 1989

The labor outlook for 1989 is for a continuation of present trends and for a relatively unchanged labor scene. The CTM will continue its overwhelming dominance of the Mexican trade union scene, and Fidel Velazquez will continue to call all the shots, barring the nearly 89-year-old labor leader's death or incapacitation. Velazquez and the CTM have indicated that they intend to convoke an extraordinary CTM congress this spring although it appears that this will primarily be a cosmetic exercise. The ostensible purpose of such an extraordinary CTM congress is to debate and vote on a policy for the CTM vis-a-vis the new Salinas administration, but any such new policy is certain to reaffirm the CTM's support for President Salinas and the PRI. There has been some speculation that Fidel Velazquez might actually retire at such a congress, but it appears that this is an extremely unlikely possibility. What might be more possible, however, might be for Velazquez to offer to retire, but the assembled CTM delegates would then, in an orchestrated fashion by acclamation, refuse to accept such a retirement offer and would insist that Velazquez continue in office, which Velazquez would then do. In the event that Velazquez should either die or become incapacitated during 1989, then CTM Second Substitute Secretary General Emilio Gonzalez is virtually certain to take over the CTM secretary general position.

The other lesser trade union confederations such as the CROC and the CROM will continue under their current leaderships and will continue to follow the policies set down by the Congress of Labor, as normally set forth by Fidel Velazquez and his dominant CTM. One important trade union confederation which will experience a change in leadership is the nearly two million member FSTSE Federation of Government Employee Unions. This spring the 3-year stint of Senator Hugo Domenzain Guzman as secretary general of FSTSE will come to an end and a new secretary general will be elected at the FSTSE Congress. The FSTSE is one area of organized labor where there could be some trouble in 1989, inasmuch as the government employee sector is becoming increasingly restive with the continued loss of workers' purchasing power (which, in real terms, amounts to a 50 percent loss since the start of the current economic crisis in 1982). In late December 1988, elements of several of the FSTSE government unions took to the streets and interrupted Mexico City traffic in several well-publicized protest

demonstrations against new President Salinas and his announced continuation of economic austerity policies, and it is likely that dissident elements within FSTSE may continue such protest tactics and activities into the new year, thus testing the PRI and the Government's ability to control the important public employee union sector.

Leftist and independent unions, such as those in the Trotskyite M.P.I., and the Marxist Mesa de Concertacion Sindical will continue their attacks against the Government and its policies, but do not present any real threats. Cuauhtemoc Cardenas and his FDN followers may also attempt to secure a foothold in the organized labor movement during the year.

ORIT will hold its quadrennial congress in April of 1989 in Caracas, Venezuela. It is not certain at this point whether Luis Anderson, the current Panamanian secretary general of ORIT, will seek reelection at that congress, or whether, if he does, he would in fact be reelected. The American AFL-CIO, meanwhile, is expected to continue to pursue with the Mexican CTM its new joint initiative on the labor aspects of the Mexican maquiladora industry.

The Labor Ministry will continue, as it has for the past 6 years, under the tough "no-nonsense" leadership of Labor Secretary Arsenio Farell Cubillas. Lastly, 1989 is likely to witness perhaps more strikes and labor conflicts than the previous year, prompted in part by the new Government's continued austerity measures under the PECE, the successor to the de la Madrid administration's 1988 Economic Solidarity Pact.

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